BNCCORP

NEWS RELEASE

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BNCCORP, INC. REPORTS FOURTH QUARTER NET INCOME OF $329 THOUSAND, OR $0.09 PER DILUTED SHARE AS EARNINGS WERE SIGNIFICANTLY REDUCED BY THE IMPACT OF FEDERAL TAX REFORM LEGISLATION

ADJUSTED NET INCOME, EXCLUDING ITEMS LINKED TO TAX REFORM, RISES 27% FOR 2017 FOURTH QUARTER

2017 Highlights

- **Fourth quarter results include a $1.2 million tax expense to revalue deferred tax assets due to tax reform**
- **Fourth quarter results include $495 thousand loss on securities sales timed to maximize federal tax deductibility**
- **Net interest income increased by $423 thousand, or 6.4%, in the fourth quarter, and $1.9 million, or 7.2%, for the full year**
- **Non-interest expenses decreased by 4.5% in the fourth quarter and 5.0%, or $2.1 million, for the full year**
- **Fourth quarter non-interest income includes $864 thousand gain on sale of a North Dakota branch**
- **Full year core deposit growth is $70.7 million, or 9.2%**
- **Full year net income was $4.9 million, or $1.38 per diluted share, including items linked to tax reform**

BISMARCK, ND, January 31, 2018 – BNCCORP, INC. (BNC or the Company) (OTCQX Markets: BNCC), which operates community banking and wealth management businesses in North Dakota, Arizona and Minnesota, and has mortgage banking offices in Illinois, Kansas, Missouri, Minnesota, Arizona and North Dakota, today reported financial results for the fourth quarter ended December 31, 2017.

Net income in the fourth quarter of 2017 was $329 thousand, compared with $1.447 million in the same period of 2016. Fourth quarter 2017 diluted earnings per share was $0.09, compared to $0.41 in the fourth quarter of 2016. The fourth quarter of 2017 includes a $1.208 million income tax expense to revalue net deferred tax assets as a result of tax reform, as well as the sale of certain securities at a pre-tax loss of $495 thousand timed to maximize federal income tax deductibility. Excluding these events linked to tax reform, BNC's fourth quarter net income would have been $1.8 million, or $0.51 per diluted share (see table below). The fourth quarter 2017 earnings (excluding the tax reform related impacts) reflect higher net interest income and lower non-interest expenses, partially offset by lower non-interest income.

Net interest income in the 2017 fourth quarter increased by $423 thousand, or 6.4%, from the same quarter in 2016, due primarily to the growth of loans held for investment and higher yields and balances on investment securities.

Non-interest income in the fourth quarter of 2017 decreased by $457 thousand, or 9.4%, from the same period in 2016, primarily due to lower mortgage banking revenues and securities losses, partially offset by a gain on the sale of a bank branch which aggregated $864 thousand.

Non-interest expense in the fourth quarter of 2017 decreased $450 thousand, or 4.5%, compared to the fourth quarter of the prior year due to decreases in costs related to mortgage banking activities and professional services.

The provision for credit losses was $100 thousand in the fourth quarter of 2017 and $0 in the fourth quarter of 2016. The ratio of nonperforming assets to total assets decreased to 0.21% at December 31, 2017, from 0.29% at December 31, 2016. The allowance for loan losses was 1.84% of loans held for investment at December 31, 2017, compared to 2.00% at December 31, 2016.

Book value per common share at December 31, 2017 rose to $22.40 from $21.47 at December 31, 2016. Excluding accumulated other comprehensive income, book value per common share at December 31, 2017 was $22.38 compared to $20.98 at December 31, 2016.

Impact of Tax Reform

The Company is providing adjusted earnings, a non-GAAP measure, in addition to reported results prepared in accordance with U.S. generally accepted accounting principles ("GAAP") in order to present financial information without the impact of actions linked to the new tax law. The following table reconciles the net income as prepared in accordance with GAAP to our determination of adjusted earnings (non-GAAP):

	For the Quarter Ended December 31,		For the Twelve Months Ended December 31,	
(In thousands, except per share data)	2017	2016	2017	2016
Net income (GAAP)	$ 329	$ 1,447	$ 4,878	$ 7,156
Revaluation of net deferred tax assets	1,208	-	1,208	-
Losses on sales of securities sold, net of tax	307	-	307	-
Adjusted earnings (non-GAAP)	$ 1,844	$ 1,447	$ 6,393	$ 7,156
ADJUSTED EARNINGS PER SHARE DATA				
Basic earnings per common share (non-GAAP)	$ 0.53	$ 0.42	$ 1.84	$ 2.08
Diluted earnings per common share (non-GAAP)	$ 0.52	$ 0.41	$ 1.81	$ 2.03
ADJUSTED KEY RATIOS (1)				
Return on average common stockholders' equity (non-GAAP)	9.33%	7.97%	8.46%	10.35%
Return on average assets (non-GAAP)	0.75%	0.62%	0.66%	0.78%

(1) See calculation method of key ratios on page 16 of this document

Management Comments

Timothy J. Franz, BNC President and Chief Executive Officer, said, "In 2017 our team demonstrated its entrepreneurial spirit and opportunism to create value for shareholders. We sold a branch to generate an $864 thousand gain and received settlement funds related to litigation pursued to benefit shareholders. We reduced our non-interest expenses by more than $2.0 million, or 5.0%, as we overhauled mortgage-banking operations and contained costs across all lines of business. We also improved banking operations as demonstrated by the 7.2% increase in net interest income. While charges linked to tax reform significantly impacted our fourth quarter results, lower income tax expense in future periods should bode well for corporate America, including BNC."

Mr. Franz continued, "Our problem credits are low and our capital is strong and our people are dedicated to serving clients and their communities. As we begin 2018 it appears energy prices are firming up which is good for western North Dakota. In addition, the macro economy appears to be gaining momentum which is generally good for banking. Overall, we are well positioned to continue creating shareholder value in the new year."

Fourth Quarter 2017 Comparison to Fourth Quarter 2016

Net interest income for the fourth quarter of 2017 was $7.036 million, an increase of $423 thousand, or 6.4%, from $6.613 million in the same period of 2016. Overall, the net interest margin increased to 3.06% in the fourth quarter of 2017 from 3.04% in the fourth quarter of 2016.

Interest income increased by $592 thousand, or 8%, to $8.009 million, for the quarter ended December 31, 2017, compared to $7.417 million in the fourth quarter of 2016. This increase is the result of higher yields and average balances of taxable investments and loans held for investment, and funds held at the Federal Reserve resulting from successful deposit generation. The average balance of interest earning assets increased by $46.1 million. The average balance of loans held for investment increased by $17 million, resulting in $229 thousand more interest income. The average balance of investment securities increased by $43.2 million, resulting in $538 thousand more interest income. These increases were partially offset by the $31 million decrease in the average balances of mortgage loans held for sale resulting in a decrease in interest income of $219 thousand compared to the fourth quarter of 2016. The $17.7 million increase in the average balance of interest bearing cash balances yielded 1.18% and earned $56 thousand in the fourth quarter 2017. The yield on average interest earning assets increased to 3.46% in the fourth quarter of 2017 from 3.41% in the fourth quarter of 2016 as yields rose in all asset classes.

Interest expense in the fourth quarter of 2017 was $973 thousand, an increase of $169 thousand from the same period in 2016 due to increased average deposit balances, partially offset by lower borrowings. Average interest bearing deposit balances increased $59.3 million while the average balance of FHLB short-term advances decreased $40.3 million. The cost of total interest bearing liabilities increased to 0.54% in the current quarter compared to 0.47% in the same period of 2016. The cost of core deposits in the fourth quarters of 2017 and 2016 was 0.33% and 0.26%, respectively. The higher cost of funds is a result of higher balances and rates of money market accounts and consumer certificates of deposits.

Provision for credit losses was $100 thousand in the fourth quarter of 2017 and $0 in the fourth quarter of 2016.

Non-interest income in the fourth quarter of 2017 was $4.415 million, a decrease of $457 thousand, or 9.4%, from $4.872 million in the fourth quarter of 2016. Mortgage banking revenues were $2.663 million in the fourth quarter of 2017, compared to $3.573 million in the fourth quarter of 2016. The sales of securities were timed to maximize income tax efficiency, incurred a loss of $495 in the fourth quarter of 2017, compared to $0 in the prior year fourth quarter. Other non-interest income increased $848 thousand largely as a result of gains on sales of deposits and fixed assets of a rural North Dakota branch.

Non-interest expense decreased $450 thousand, or 4.5%, to $9.551 million in the fourth quarter of 2017, from $10.001 million in the fourth quarter of 2016. Salaries and employee benefits were $5.091 million, largely unchanged from the fourth quarter 2016. The number of full time equivalent employees ("FTEs") at December 31, 2017 was 252, down by 39 FTE's, or 13.4%, since December 31, 2016. Employee headcount decreased by 48, or 15.6%, since December 31, 2016. During the fourth quarter of 2017 headcount decreased by 5. Much of the headcount decrease related to mortgage support staff as the business is being right-sized to fit current revenues. Professional services in the fourth quarter of 2017 were down $322 thousand, or 28.7%, primarily due to reduced mortgage banking activities and legal expenses. Marketing costs decreased $87 thousand, or 9.2%, quarter to quarter largely attributed to a reduction in mortgage activity.

In the fourth quarter of 2017, income tax expense was $1.5 million, compared to $37 thousand in the fourth quarter of 2016. The effective tax rate was 81.7% in the fourth quarter of 2017, compared to 2.5% in the same period of 2016. The increase in the effective tax rate is primarily due to the Company recording a $1.208 million income tax expense to revalue its net deferred tax assets as a result of tax reform. Before considering the effect of the revaluation adjustment of $1.208 million, the effective tax rate would have been 14.6%. The effective tax rate is lower than the federal statutory rate primarily due to the proportion of the Company's pretax income earned from tax-exempt securities.

Net income was $329 thousand, or $0.09 per diluted share, in the fourth quarter of 2017. Net income in the fourth quarter of 2016 was $1.447 million, or $0.41 per diluted share.

Year Ended 2017 Comparison to Year Ended 2016

Net interest income in 2017 was $27.865 million, an increase of $1.862 million, or 7.2%, from $26.003 million in the same period of 2016. Overall, the net interest margin increased to 3.05% in 2017 from 3.03% in 2016.

Interest income increased by $2.097 million, or 7.1%, to $31.443 million, in 2017, compared to $29.346 million in 2016. This increase is the result of higher balances and yields on taxable investments, higher average balances of loans held for investment, and increased funds held at the Federal Reserve. The yield on average interest earning assets was 3.42% in 2017 and 2016. The average balance of interest earning assets increased by $55.8 million. The average balance of loans held for investment increased by $21.2 million, yielding $923 thousand of additional interest income, while the average balance of mortgage loans held for sale was $22.7 million lower than the same period of 2016 earning $640 thousand less interest income than in the prior period. The average balance of investment securities was $21.6 million higher in 2017 compared to 2016, yielding $1.5 million in additional interest income. The average balance of cash held at the Federal Reserve increased by $36.6 million when comparing the two periods, and yielded an additional $405 thousand of interest income in 2017.

Interest expense in 2017 was $3.578 million, an increase of $235 thousand from the same period in 2016. The cost of interest bearing liabilities was 0.50% in 2017 compared to 0.49% in the same period of 2016. In 2016, the Company redeemed the remaining balances of outstanding brokered certificates of deposit; resulting in brokered certificate of deposit interest expense of $477 thousand during 2016 that did not recur in 2017. Interest expense increased in other categories of deposits, driven largely by increased volume and cost of consumer certificates of deposit and money market accounts. The cost of core deposits in 2017 and 2016 was 0.30% and 0.23%, respectively. Due to lower mortgage loan funding levels and increased deposit balances in 2017, the Company's FHLB short-term advances outstanding averaged $1.9 million compared to $36.9 million in 2016.

Provision for credit losses was $350 thousand in 2017 and $800 thousand in 2016.

Non-interest income in 2017 was $19.499 million, a decrease of $6.278 million, or 24.4%, from $25.777 million in 2016. Mortgage banking revenues were $11.301 million in 2017, compared to $19.465 million in 2016, a decrease of $8.164 million, or 41.9%. During 2016, we experienced higher loan volume, as interest rates were generally lower. Mortgage banking revenues have been lower in 2017 as rates moved higher, dampening demand and compressing margins. Gains on sales of loans increased by $502 thousand in 2017 while gains on sales of investment securities remained flat when compared to 2016. Gains on sale of assets can vary significantly from period to period. Other non-interest income benefited in 2017 from the settlement of a litigation matter in the third quarter as well as the sale of a rural North Dakota branch in the fourth quarter of 2017.

Non-interest expense in 2017 decreased $2.077 million, or 5%, to $39.116 million, from $41.193 million in 2016. Salaries and employee benefits decreased $938 thousand, or 4.4%, in 2017 due to lower staffing levels as noted above. Professional services decreased compared to 2016 by $653 thousand, or 14.3%, primarily due to reduced mortgage banking volumes and reduced legal fees. Marketing and promotion expenses are down $351 thousand, or 9.2%, largely attributed to a reduction in mortgage activity. Other expense decreased $327 thousand largely due to mortgage cost reduction efforts.

During 2017, income tax expense was $3.020 million, compared to $2.631 million in 2016. The effective tax rate was 38.2% in 2017, compared to 26.9% in the same period of 2016. The increase in the effective tax rate is primarily due to the Company recording $1.208 million of income tax expense to revalue its net deferred tax assets as a result of tax reform. Excluding the effect of the revaluation adjustment of $1.208 million, the effective tax rate would have been 22.9%. This effective rate is lower than the federal statutory rate primarily due to the proportion of the Company's pretax income earned from tax-exempt securities.

Net income was $4.878 million, or $1.38 per diluted share in 2017. Net income in 2016 was $7.156 million, or $2.03 per diluted share.

Assets, Liabilities and Equity

Total assets were $946.1 million at December 31, 2017, an increase of $35.8 million, or 3.9%, compared to $910.4 million at December 31, 2016. Loans held for investment aggregated $428.3 million at December 31, 2017, an increase of $13.7 million, or 3.3%, since December 31, 2016. Loans held for investment in North Dakota experienced notable prepayments as our borrowers with excess liquidity are deleveraging. Loans held for sale as of December 31, 2017 were down $3.0 million from December 31, 2016. Investment and cash balances increased $11.8 million and $14.7 million, respectively, from year-end 2016 as we deployed funds related to increased deposits.

Total deposits were $817.8 million at December 31, 2017, compared to $752.6 million at December 31, 2016. During 2017, core deposits, which include recurring customer repurchase agreement balances, have increased by $70.7 million to $835.8 million, or 9.2% from $765.1 million as of December 31, 2016 after giving effect to the December 2017 sale of a North Dakota bank branch. In 2017, deposits in our Arizona locations grew $23.9 million, or 17.5%, while growth in the non-Bakken North Dakota branches was $50.8 million, or 13.2%. The growth in deposits during 2017 has notably improved the results of operations and created value for shareholders. Core deposits decreased by $17.2 million to $835.9 million, compared to the $853.1 million core deposits as of September 30, 2017 as we sold $14.0 million of deposits as part of the sale of a North Dakota branch. In 2016, BNC generally utilized Federal Home Loan Bank short-term advances as flexible borrowings. In early 2017, such advances were paid down as deposits increased.

The table below shows total deposits since 2013:

(In Thousands)	December 31, 2017	December 31, 2016	December 31, 2015	December 31, 2014	December 31, 2013
ND Bakken Branches	$ 168,981	$ 178,677	$ 190,670	$ 178,565	$ 166,904
ND Non-Bakken Branches	435,255	384,476	388,630	433,129	382,225
Total ND Branches	604,236	563,153	579,300	611,694	549,129
Brokered Deposits	-	-	33,363	53,955	64,525
Other	213,570	189,474	167,786	145,582	109,575
Total Deposits	$ 817,806	$ 752,627	$ 780,449	$ 811,231	$ 723,229

Trust assets under management or administration increased 17.4%, or $47.6 million, to $321.3 million at December 31, 2017 as we have been able to convert commercial deposits to wealth management customers.

Capital

Banks and bank holding companies operate under separate regulatory capital requirements.

At December 31, 2017, our capital ratios exceeded all regulatory capital thresholds, including thresholds that incorporate fully phased-in conservation buffers.

A summary of our capital ratios at December 31, 2017 and December 31, 2016 is presented below:

	December 31, 2017	December 31, 2016
BNCCORP, INC (Consolidated)		
Tier 1 leverage	9.53%	9.47%
Total risk based capital	19.98%	19.96%
Common equity tier 1 risk based capital	14.15%	13.90%
Tier 1 risk based capital	16.90%	16.78%
Tangible common equity	8.18%	8.13%
BNC National Bank		
Tier 1 leverage	9.62%	9.67%
Total risk based capital	18.31%	18.41%
Common equity tier 1 risk based capital	17.06%	17.16%
Tier 1 risk based capital	17.06%	17.16%

The Common Equity Tier 1 ratio, which is generally a comparison of a bank's core equity capital to its total risk weighted assets, is a measure of the current risk profile of our asset base from a regulatory perspective. The Tier 1 leverage ratio, which is based on average assets, does not consider the mix of risk-weighted assets. In recent periods, regulators have required Tier 1 leverage ratios that significantly exceed "Well Capitalized" ratio levels. As a result, management believes the Bank's Tier 1 leverage ratio is our most restrictive capital measurement and we are managing the Tier 1 leverage ratio to levels significantly above the "Well Capitalized" ratio threshold.

In addition to regulatory risk based capital standards, we believe that regulators and investors also monitor the capital ratio of tangible common equity to total period end assets.

The Company routinely evaluates the sufficiency of its capital in order to ensure compliance with regulatory capital standards and to provide a source of strength for the Bank. We manage capital by assessing the composition of capital and the amounts available for growth, risk or other purposes.

Book value per common share of the Company was $22.40 as of December 31, 2017, compared to $21.47 at December 31, 2016. Book value per common share, excluding accumulated other comprehensive income, was $22.38 as of December 31, 2017, compared to $20.98 at December 31, 2016.

Asset Quality

The allowance for credit losses was $7.9 million at December 31, 2017, compared to $8.3 million at December 31, 2016. The allowance for credit losses as a percentage of total loans at December 31, 2017 was 1.69%, compared to 1.82% at December 31, 2016. The allowance as a percentage of loans and leases held for investment at December 31, 2017 was 1.84%, and at December 31, 2016 was 2.00%.

Nonperforming assets were $2.0 million at December 31, 2017, down from $2.7 million at December 31, 2016. The ratio of nonperforming assets to total assets was 0.21% at December 31, 2017 and 0.29% at December 31, 2016. Nonperforming loans were $2.0 million at December 31, 2017, down from $2.4 million at December 31, 2016.

At December 31, 2017, BNC had $11 million of classified loans, $2.0 million of loans on non-accrual, no other real estate owned, and no repossessed assets. At December 31, 2016, BNC had $12.9 million of classified loans, $2.4 million of loans on non-accrual, $214 thousand of other real estate owned, and $4 thousand of repossessed assets. BNC had $1.7 million of potentially problematic loans, which are risk rated “watch list”, at December 31, 2017, compared with $8.1 million as of December 31, 2016.

For most of 2017 economic activity in western North Dakota continued to be affected by challenging conditions in the agricultural and energy industries. In particular, the areas near Dickinson, Williston and Minot are believed to be more adversely affected by the economic conditions than other areas of North Dakota. While energy prices improved as 2017 ended, prolonged periods of lower agricultural and energy prices as well as more recent drought conditions in the region could have an adverse economic impact on the North Dakota economy, commodity dependent businesses, and our loan portfolio.

BNCCORP, INC., headquartered in Bismarck, N.D., is a registered bank holding company dedicated to providing banking and wealth management services to businesses and consumers in its local markets. The Company operates community banking and wealth management businesses in North Dakota, Arizona and Minnesota from 15 locations. BNC also conducts mortgage banking from 13 offices in Illinois, Kansas, Missouri, Minnesota, Arizona and North Dakota.

This news release may contain "forward-looking statements" within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 with respect to the financial condition, results of operations, plans, objectives, future performance and business of BNC. Forward-looking statements, which may be based upon beliefs, expectations and assumptions of our management and on information currently available to management are generally identifiable by the use of words such as "expect", "believe", "anticipate", "plan", "intend", "estimate", "may", "will", "would", "could", "should", "future" and other expressions relating to future periods. Examples of forward-looking statements include, among others, statements we make regarding our belief that we have exceptional liquidity, our expectations regarding future market conditions and our ability to capture opportunities and pursue growth strategies, our expected operating results such as revenue growth and earnings and our expectations of the effects of the regulatory environment on our earnings for the foreseeable future. Forward-looking statements are neither historical facts nor assurances of future performance. Our actual results and financial condition may differ materially from those indicated in the forward-looking statements. Therefore, you should not rely on any of these forward-looking statements. Important factors that could cause our actual results and financial condition to differ materially from those indicated in the forward-looking statements include, but are not limited to: the impact of current and future regulation; the risks of loans and investments, including dependence on local and regional economic conditions; competition for our customers from other providers of financial services; possible adverse effects of changes in interest rates, including the effects of such changes on mortgage banking revenues and derivative contracts and associated accounting consequences; risks associated with our acquisition and growth strategies; and other risks which are difficult to predict and many of which are beyond our control. In addition, all statements in this news release, including forward-looking statements, speak only of the date they are made, and the Company undertakes no obligation to update any statement in light of new information or future events.

This press release contains references to financial measures which are not defined in GAAP. Such non-GAAP financial measures include adjusted earnings, adjusted earnings per share, which exclude the impact of items related to tax reform, and the tangible equity to assets ratio. These non-GAAP financial measures have been included as the Company believes they are helpful for investors to analyze and evaluate the Company's financial condition.

(Financial tables attached)

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BNCCORP, INC.
CONSOLIDATED FINANCIAL DATA
(Unaudited)

(In thousands, except per share data)	For the Quarter Ended December 31, 2017	For the Quarter Ended December 31, 2016	For the Twelve Months Ended December 31, 2017	For the Twelve Months Ended December 31, 2016
SELECTED INCOME STATEMENT DATA				
Interest income	$ 8,009	$ 7,417	$ 31,443	$ 29,346
Interest expense	973	804	3,578	3,343
Net interest income	7,036	6,613	27,865	26,003
Provision for credit losses	100	-	350	800
Non-interest income	4,415	4,872	19,499	25,777
Non-interest expense	9,551	10,001	39.116	41,193
Income before income taxes	1,800	1,484	7,898	9,787
Income tax expense	1,471	37	3,020	2,631
Net income	$ 329	$ 1,447	$ 4,878	$ 7,156
EARNINGS PER SHARE DATA				
Basic earnings per common share	$ 0.09	$ 0.42	$ 1.40	$ 2.08
Diluted earnings per common share	$ 0.09	$ 0.41	$ 1.38	$ 2.03

BNCCORP, INC.
CONSOLIDATED FINANCIAL DATA
(Unaudited)

(In thousands, except per share data)	For the Quarter Ended December 31, 2017	For the Quarter Ended December 31, 2016	For the Twelve Months Ended December 31, 2017	For the Twelve Months Ended December 31, 2016
ANALYSIS OF NON-INTEREST INCOME				
Bank charges and service fees	$ 683	$ 668	$ 2,719	$ 2,731
Wealth management revenues	421	376	1,717	1,532
Mortgage banking revenues	2,663	3,573	11,301	19,465
Gains on sales of loans, net	41	1	736	234
Gains (Losses) on sales of investments, net	(495)	-	745	729
Other	1,102	254	2,281	1,086
Total non-interest income	$ 4,415	$ 4,872	$ 19,499	$ 25,777
ANALYSIS OF NON-INTEREST EXPENSE				
Salaries and employee benefits	$ 5,091	$ 5,032	$ 20,494	$ 21,432
Professional services	799	1,121	3,928	4,581
Data processing fees	926	927	3,716	3,666
Marketing and promotion	885	972	3,447	3,798
Occupancy	649	540	2,436	2,160
Regulatory costs	157	173	556	675
Depreciation and amortization	412	401	1,627	1,519
Office supplies and postage	147	174	629	687
Other real estate costs	(10)	12	(31)	34
Other	495	649	2,314	2,641
Total non-interest expense	$ 9,551	$ 10,001	$ 39,116	$ 41,193
WEIGHTED AVERAGE SHARES				
Common shares outstanding (a)	3,482,527	3,459,033	3,474,988	3,447,635
Incremental shares from assumed conversion of options and contingent shares	61,682	67,997	65,710	73,183
Adjusted weighted average shares (b)	3,544,209	3,527,030	3,540,698	3,520,818

(a) Denominator for basic earnings per common share
(b) Denominator for diluted earnings per common share

BNCCORP, INC.
CONSOLIDATED FINANCIAL DATA
(Unaudited)

(In thousands, except share, per share and full time equivalent data)	As of December 31, 2017	As of September 30, 2017	As of December 31, 2016
SELECTED BALANCE SHEET DATA			
Total assets	$ 946,150	$ 966,186	$ 910,400
Loans held for sale-mortgage banking	36,601	32,068	39,641
Loans and leases held for investment	428,325	428,793	414,673
Total loans	464,926	460,861	454,314
Allowance for credit losses	(7,861)	(7,847)	(8,285)
Investment securities available for sale	411,917	450,126	400,136
Other real estate, net and repossessed assets	-	13	218
Earning assets	886,212	908,131	851,564
Total deposits	817,806	837,035	752,627
Core deposits (1)	835,850	853,079	765,138
Other borrowings	43,054	41,056	75,523
Cash and cash equivalents	25,830	12,385	11,113
OTHER SELECTED DATA			
Net unrealized gains in accumulated other comprehensive income	$ 48	$ 3,092	$ 1,683
Trust assets under supervision	$ 321,274	$ 314,423	$ 273,643
Total common stockholders' equity	$ 77,626	$ 80,218	$ 74,195
Book value per common share	$ 22.40	$ 23.16	$ 21.47
Book value per common share excluding accumulated other comprehensive income, net	$ 22.38	$ 22.27	$ 20.98
Full time equivalent employees	252	263	291
Common shares outstanding	3,465,992	3,463,192	3,456,008
CAPITAL RATIOS			
Common equity Tier 1 risk-based capital (Consolidated)	14.15%	14.21%	13.90%
Tier 1 leverage (Consolidated)	9.53%	9.27%	9.47%
Tier 1 risk-based capital (Consolidated)	16.90%	16.98%	16.78%
Total risk-based capital (Consolidated)	19.98%	20.08%	19.96%
Tangible common equity (Consolidated)	8.18%	8.28%	8.13%
Common equity Tier 1 risk-based capital (Bank)	17.06%	17.47%	17.16%
Tier 1 leverage (Bank)	9.62%	9.53%	9.67%
Tier 1 risk-based capital (Bank)	17.06%	17.47%	17.16%
Total risk-based capital (Bank)	18.31%	18.72%	18.41%
Tangible common equity (Bank)	9.91%	10.15%	10.04%

(1) Core deposits consist of all deposits and repurchase agreements with customers and exclude certain brokered certificates of deposit.

BNCCORP, INC.
CONSOLIDATED FINANCIAL DATA
(Unaudited)

(In thousands)	For the Quarter Ended December 31, 2017	For the Quarter Ended December 31, 2016	For the Twelve Months Ended December 31, 2017	For the Twelve Months Ended December 31, 2016
AVERAGE BALANCES				
Total assets	$ 968,969	$ 922,722	$ 971,032	$ 914,017
Loans held for sale-mortgage banking	26,595	57,560	27,271	49,944
Loans and leases held for investment	426,892	409,937	420,906	399,669
Total loans	453,487	467,497	448,177	449,613
Investment securities available for sale	444,266	401,099	432,973	411,403
Earning assets	911,715	865,637	914,540	858,768
Total deposits	835,861	754,641	843,999	753,100
Core deposits	854,739	769,818	858,731	755,114
Total equity	81,221	77,191	78,419	75,517
Cash and cash equivalents	28,214	9,770	47,268	10,710
KEY RATIOS				
Return on average common stockholders' equity (a)	1.67%	7.97%	6.45%	10.35%
Return on average assets (b)	0.13%	0.62%	0.50%	0.78%
Net interest margin	3.06%	3.04%	3.05%	3.03%
Efficiency ratio	83.41%	87.08%	82.59%	79.55%
Efficiency ratio (BNC National Bank)	79.87%	84.00%	79.38%	76.25%

(a) Return on average common stockholders' equity is calculated by using net income as the numerator and average common equity (less accumulated other comprehensive income) as the denominator.

(b) Return on average assets is calculated by using net income as the numerator and average total assets as the denominator.

BNCCORP, INC.
CONSOLIDATED FINANCIAL DATA
(Unaudited)

	As of		
(In thousands)	**December 31, 2017**	**September 30, 2017**	**December 31, 2016**
ASSET QUALITY			
Loans 90 days or more delinquent and still accruing interest	$ 26	$ -	$ 20
Non-accrual loans	1,952	2,058	2,425
Total nonperforming loans	$ 1.978	$ 2,058	$ 2,445
Other real estate, net and repossessed assets	-	13	218
Total nonperforming assets	$ 1,978	$ 2,071	$ 2,663
Allowance for credit losses	$ 7,861	$ 7,847	$ 8,285
Troubled debt restructured loans	$ 1,908	$ 1,920	$ 2,038
Ratio of total nonperforming loans to total loans	0.43%	0.45%	0.54%
Ratio of total nonperforming assets to total assets	0.21%	0.21%	0.29%
Ratio of nonperforming loans to total assets	0.21%	0.21%	0.27%
Ratio of allowance for credit losses to loans and leases held for investment	1.84%	1.83%	2.00%
Ratio of allowance for credit losses to total loans	1.69%	1.70%	1.82%
Ratio of allowance for credit losses to nonperforming loans	397%	381%	339%

	For the Quarter Ended December 31,		**For the Twelve Months Ended December 31,**	
(In thousands)	**2017**	**2016**	**2017**	**2016**
Changes in Nonperforming Loans:				
Balance, beginning of period	$ 2,058	$ 1,908	$ 2,445	$ 565
Additions to nonperforming	93	927	938	3,086
Charge-offs	(91)	(380)	(790)	(912)
Reclassified back to performing	-	(1)	-	(176)
Principal payments received	(58)	(5)	(551)	(114)
Transferred to repossessed assets	(24)	(4)	(24)	(4)
Transferred to other real estate owned	-	-	(40)	-
Balance, end of period	$ 1,978	$ 2,445	$ 1,978	$ 2,445

BNCCORP, INC.
CONSOLIDATED FINANCIAL DATA
(Unaudited)

(In thousands)	For the Quarter Ended December 31, 2017	For the Quarter Ended December 31, 2016	For the Twelve Months Ended December 31, 2017	For the Twelve Months Ended December 31, 2016
Changes in Allowance for Credit Losses:				
Balance, beginning of period	$ 7,847	$ 8,684	$ 8,285	$ 8,611
Provision	100	-	350	800
Loans charged off	(108)	(408)	(876)	(1,174)
Loan recoveries	22	9	102	48
Balance, end of period	$ 7,861	$ 8,285	$ 7,861	$ 8,285
Ratio of net charge-offs to average total loans	(0.019)%	(0.085)%	(0.173)%	(0.250)%
Ratio of net charge-offs to average total loans, annualized	(0.076)%	(0.341)%	(0.173)%	(0.250)%

(In thousands)	For the Quarter Ended December 31, 2017	For the Quarter Ended December 31, 2016	For the Twelve Months Ended December 31, 2017	For the Twelve Months Ended December 31, 2016
Changes in Other Real Estate:				
Balance, beginning of period	$ -	$ 225	$ 214	$ 242
Transfers from nonperforming loans	-	-	40	-
Real estate sold	-	-	(264)	(4)
Net gains on sale of assets	-	-	-	4
Reduction (Provision)	-	(11)	10	(28)
Balance, end of period	$ -	$ 214	$ -	$ 214

(In thousands)	As of December 31, 2017	As of September 30, 2017	As of December 31, 2016
Other Real Estate:			
Other real estate	$ -	$ -	$ 954
Valuation allowance	-	-	(740)
Other real estate, net	$ -	$ -	$ 214

BNCCORP, INC.
CONSOLIDATED FINANCIAL DATA
(Unaudited)

	As of		
(In thousands)	**December 31, 2017**	**September 30, 2017**	**December 31, 2016**
CREDIT CONCENTRATIONS			
North Dakota			
Commercial and industrial	$ 36,590	$ 37,421	$ 41,769
Construction	4,747	4,686	6,819
Agricultural	23,004	25,232	19,351
Land and land development	8,494	9,043	9,674
Owner-occupied commercial real estate	44,173	41,433	45,350
Commercial real estate	108,191	110,221	100,975
Small business administration	4,558	4,879	4,512
Consumer	56,318	55,094	44,267
Subtotal loans held for investment	$ 286,075	$ 288,009	$ 272,717
Consolidated			
Commercial and industrial	$ 51,524	$ 52,083	$ 54,037
Construction	13,167	11,054	12,215
Agricultural	23,773	25,932	20,273
Land and land development	14,168	15,621	15,982
Owner-occupied commercial real estate	50,872	47,868	49,294
Commercial real estate	177,429	178,884	171,972
Small business administration	25,064	26,012	31,518
Consumer	71,876	70,897	59,183
Total loans held for investment	$ 427,873	$ 428,351	$ 414,474